

Maryland Energy

ADMINISTRATION

Powering Maryland's Future

Jane E. Lawton Conservation Loan Program **Program Update**

Fiscal Year 2015 (July 1, 2014, to June 30, 2015)

<http://energy.maryland.gov/>

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July 1, 2014

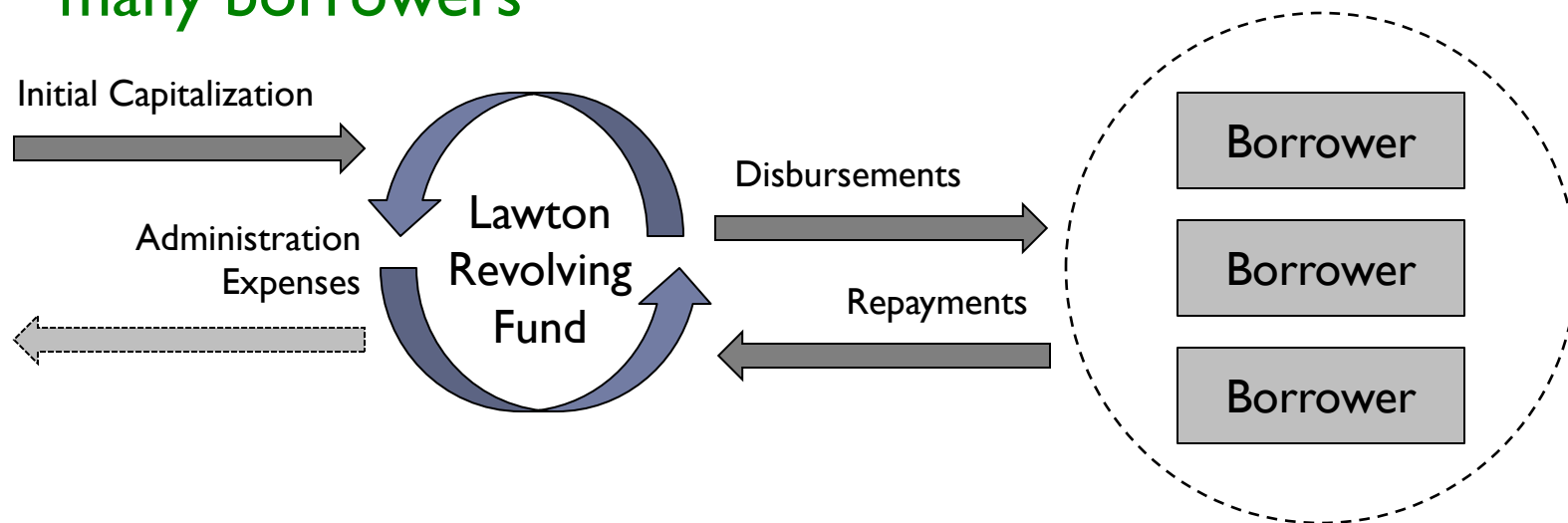
The Jane E. Lawton Conservation Loan Program

—New for Fiscal Year 2015 (FY2015)

- ▶ The Maryland General Assembly passed amendments to the Lawton Loan Program statute (Chapter 349 of the 2014 Laws of Maryland)
 - ▶ Effective July 1, 2014 (changes indicated in red)
 - ▶ MEA is finalizing implementing regulations, which will be published online
 - ▶ FY2015 application and template loan documents are up-to-date
- ▶ In addition to direct loans, MEA now has authority to offer credit enhancements for private-sector financing for cost-effective energy efficiency projects
 - ▶ This opportunity will be launched later in FY2015

The Jane E. Lawton Conservation Loan Program —Overview

- ▶ The Lawton Loan Program is a “revolving fund”—an original investment that has been recycled over time for many borrowers



- ▶ Loan #1 repayments become capital for Loan #2, which becomes loan capital for Loan #3, etc.
- ▶ Interest charges and fees sustain program over time

Lawton Loan Program—Background

- ▶ Low-interest (2% in FY2015) loans for energy efficiency and conservation improvements to structures
- ▶ Local governments, non-profit organizations, and businesses may apply
- ▶ Addresses up-front costs associated with energy efficiency investments; provides funding on a shared-cost basis
 - ▶ Complements local, State, and utility programs to ensure maximum returns on investment in energy efficiency
 - ▶ Revolving funding into new loans ensure future program sustainability

Entities Eligible to Apply for Lawton Loans

- ▶ **Local governments**

- ▶ Counties
- ▶ Municipalities
- ▶ Boards of Education
- ▶ Special districts

- ▶ **Non-profit organizations**

- ▶ Foundations
- ▶ Private schools
- ▶ Hospitals

- ▶ **Businesses**

- ▶ Maryland corporations
- ▶ **Other corporations registered to do business in Maryland**

State agencies may be eligible for funding through MEA's [State Agency Loan Program \(SALP\)](#).

Local governments, non-profit organizations, and businesses may be eligible for [grants](#) for certain renewable energy projects.

Residents may be eligible for [grants](#) for certain renewable projects or [rebates](#) and [loans](#) for certain energy efficiency improvements.

Energy Projects Eligible for Lawton Loan Financing

- ▶ *Project: One or more improvements or modifications that enhance the energy efficiency and reduce the operating expenses of a structure located in Maryland*
- ▶ Applicants must document that projects meet cost-effectiveness requirements

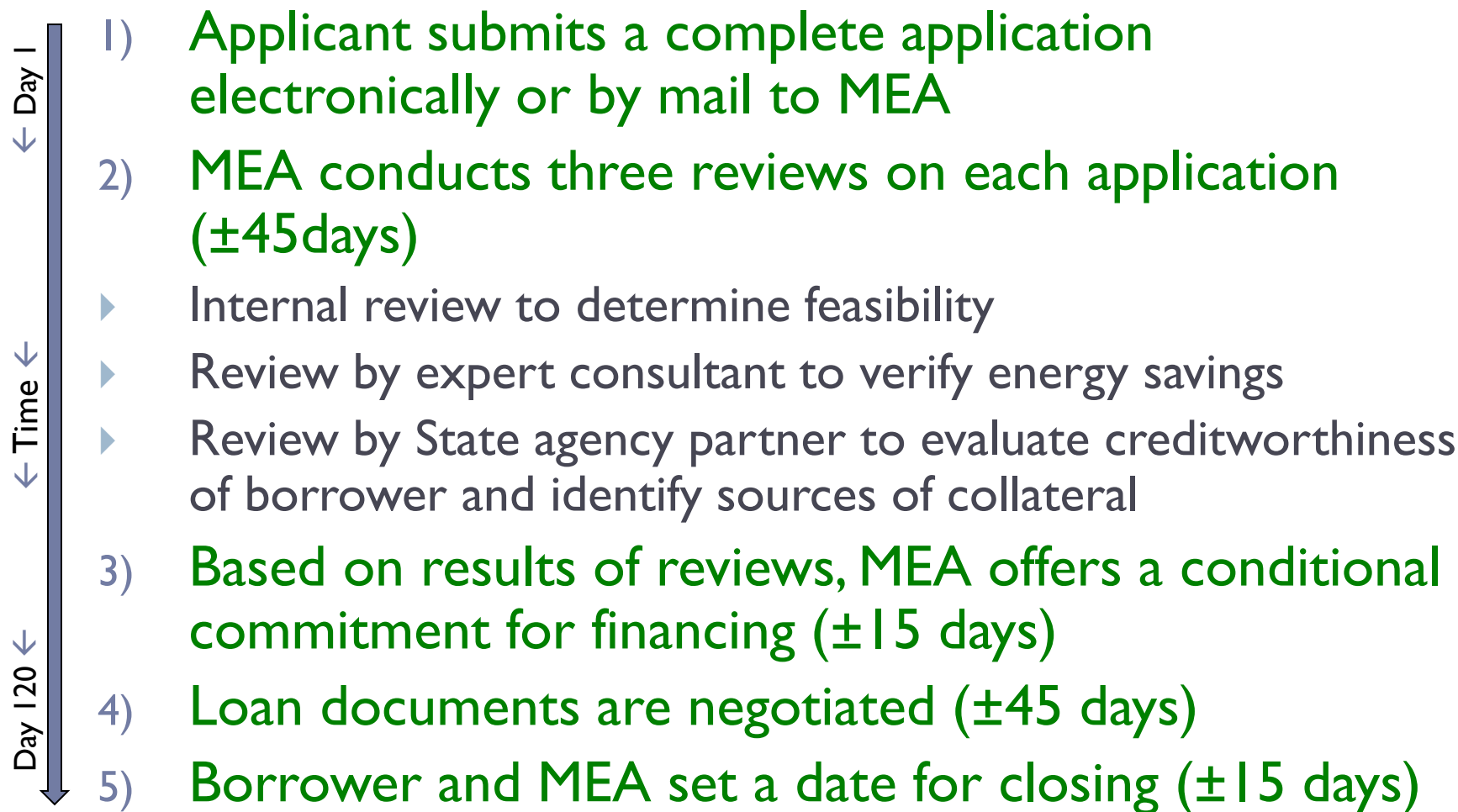
$$\frac{\text{Total Proposed Project Cost}}{\text{Total Annual Anticipated Energy Savings}} = \text{Simple Payback}$$

- ▶ Anticipated energy savings: *Actual reductions in annual operating expenses resulting from the installation, operation, and maintenance of a project*
- ▶ Projects must achieve a simple payback of 10 years or less

Lawton Loan Program Application Requirements

- ▶ All applicants must submit a completed application and all required supporting documents
- ▶ Completed applications must include:
 - ▶ Total proposed project costs
 - ▶ Total annual anticipated energy savings, certified by a qualified engineer
 - ▶ Annual cost savings estimates
 - ▶ List of other contributions (e.g., utility rebates)
 - ▶ Financial information to determine creditworthiness
 - ▶ Certificate of Good Standing with the State

Lawton Application Process and Timeline



FY2015 Lawton Loan Program Terms

- ▶ Total program budget of \$1.5 million
- ▶ 2% interest
- ▶ Applications for FY2015 will be accepted beginning July 1, 2014
 - ▶ \$500,000 of the total program budget will be specially reserved for non-profit organizations until August 29, 2014
 - ▶ Beginning September 2, 2014, all available funding will be loaned on a first-come, first-served basis with special emphasis given to projects that will generate greater energy savings
 - ▶ Commitments will be issued beginning August 1, 2014
 - ▶ Closings will be scheduled beginning September 2, 2014
 - ▶ Applications will be accepted until the funding is exhausted or June 30, 2015, whichever comes first

Recent Successful Projects Financed with Lawton Loans

- ▶ In FY2012, a business borrowed \$68,000 to replace a heating system and implement lighting upgrades
 - ▶ Annual electricity savings will be about 105,000 kilowatt-hours (kWh) and natural gas savings will be almost 4,700 therms
 - ▶ Annual cost savings will be nearly \$18,000
- ▶ In FY2013, a non-profit museum borrowed \$180,000 for new heating and cooling equipment and LED lighting
 - ▶ Annual electricity savings will be over 210,000 kWh
 - ▶ Annual cost savings will be almost \$30,000
- ▶ In FY2014, a condominium association borrowed \$260,000 for new energy efficiency equipment
 - ▶ Annual electricity use will be reduced by nearly 365,000 kWh
 - ▶ Annual energy cost savings will be over \$35,000



For more information, visit MEA online at:
<http://energy.maryland.gov/govt/janeelawton.html>